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SEPTEMBER REVENUES

NASHVILLE, Tenn. - Thanks to a one-time sales tax payment, September revenue collections were \$7 million above budgeted estimates. However, once that one-time payment is deducted, revenues actually were \$2.4 million under what was projected.

"We would expect that the buffeting of the economy from hurricanes and fuel prices would have some effect on revenue collections," said Finance and Administration Commissioner Dave Goetz. "In addition, we have seen a substantial falloff in revenues from new car sales, falling from a 13% increase last month to 2% growth in September."

On an accrual basis September is the second month in the 2005-2006 fiscal year. Department of Revenue tax collections were \$945.8 million for the month which included the one-time sales tax payment of \$9.4 million (general fund \$9 million/cities \$400,000). The one-time payment was nearly one-tenth of the \$95 million total growth for the month.

The general fund had a \$2.2 million overcollection and the four other funds overcollected by \$4.8 million. Without the one-time sales tax payment, revenues were undercollected \$2.4 million.

Sales tax collections, including the one-time payment, were \$3 million more than the estimate in September and for two months were overcollected by \$4.3 million.

Franchise and excise taxes combined were \$8.3 million less than the estimate of \$248.3 million. For two months revenues were \$7.6 million undercollected.

Gasoline and motor fuel collections increased by 2.1% and were \$5.5 million more than the budgeted estimate which offset the August undercollection. For two months collections were \$1.3 million more than the estimate.

Year-to-date collections for two months were \$10.3 million more than the budgeted estimate. The general fund was overcollected by \$8.4 million and the four other funds were overcollected by \$1.9 million. Excluding the one-time payment, revenues were \$900,000 more than the estimate. The general fund was undercollected by \$600,000 and the other funds overcollected by \$1.5 million.

The budgeted revenue estimates are based upon the State Funding Board's consensus recommendation adopted by the first session of the 104th General Assembly in May of this year.

<p align="center">REVENUE COLLECTIONS SEPTEMBER, 2005, AND 2 MONTHS YEAR-TO-DATE</p>

September Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$806,190,000	\$808,407,000	\$2,217,000
Highway Fund	51,284,000	53,570,000	2,286,000
Sinking Fund	23,130,000	23,134,000	4,000
City & County Fund	55,756,000	58,527,000	2,771,000
Earmarked Fund	2,387,000	2,135,000	(252,000)
Total	\$938,747,000	\$945,773,000	\$7,026,000

Year-To-Date Collections:

	Budgeted Accrual Estimate	Actual	Difference
General Fund	\$1,406,233,000	\$1,414,678,000	\$8,445,000
Highway Fund	104,292,000	104,903,000	611,000
Sinking Fund	46,236,000	46,264,000	28,000
City & County Fund	112,112,000	113,712,000	1,600,000
Earmarked Fund	4,587,000	4,184,000	(403,000)
Total	\$1,673,460,000	\$1,683,741,000	\$10,281,000

Table 1
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	September			
	2004	2005	Change	Percent
Franchise & Excise	\$203,029,000	\$240,005,000	\$36,976,000	18.21%
Income	566,000	2,556,000	1,990,000	351.59%
Inheritance & Estate	8,543,000	5,788,000	-2,755,000	-32.25%
Gasoline	52,754,000	54,742,000	1,988,000	3.77%
Petroleum Special	5,538,000	5,746,000	208,000	3.76%
Tobacco	10,203,000	10,551,000	348,000	3.41%
Beer	1,671,000	1,767,000	96,000	5.75%
Motor Vehicle Registration	18,128,000	17,658,000	-470,000	-2.59%
Motor Vehicle Title	986,000	915,000	-71,000	-7.20%
Mixed Drink	3,336,000	3,768,000	432,000	12.95%
Business	2,505,000	2,672,000	167,000	6.67%
Privilege	19,745,000	25,218,000	5,473,000	27.72%
Gross Receipts	303,000	34,000	-269,000	-88.78%
TVA - In Lieu of Tax Payments	17,789,000	18,539,000	750,000	4.22%
Alcoholic Beverage	3,003,000	3,235,000	232,000	7.73%
Sales and Use	487,161,000	537,585,000	50,424,000	10.35%
Motor Vehicle Fuel	15,439,000	14,793,000	-646,000	-4.18%
Severance	110,000	170,000	60,000	54.55%
Coin-operated Amusement	1,000	8,000	7,000	700.00%
Unauthorized Substance	0	23,000	23,000	NA
Total	\$850,810,000	\$945,773,000	\$94,963,000	11.16%

Table 2
Tennessee Department of Revenue
Comparative Statement of Collected Revenues

Class of Tax	August - September			
	2004	2005	Change	Percent
Franchise & Excise	\$228,638,000	\$273,681,000	\$45,043,000	19.70%
Income	1,647,000	4,130,000	2,483,000	150.76%
Inheritance & Estate	13,257,000	13,120,000	-137,000	-1.03%
Gasoline	105,122,000	103,788,000	-1,334,000	-1.27%
Petroleum Special	10,879,000	10,911,000	32,000	0.29%
Tobacco	20,835,000	22,615,000	1,780,000	8.54%
Beer	3,161,000	3,383,000	222,000	7.02%
Motor Vehicle Registration	35,247,000	36,832,000	1,585,000	4.50%
Motor Vehicle Title	1,965,000	1,967,000	2,000	0.10%
Mixed Drink	6,703,000	7,555,000	852,000	12.71%
Business	3,562,000	3,751,000	189,000	5.31%
Privilege	39,573,000	46,664,000	7,091,000	17.92%
Gross Receipts	11,403,000	12,708,000	1,305,000	11.44%
TVA - In Lieu of Tax Payments	34,545,000	36,578,000	2,033,000	5.89%
Alcoholic Beverage	5,738,000	6,083,000	345,000	6.01%
Sales and Use	990,537,000	1,070,140,000	79,603,000	8.04%
Motor Vehicle Fuel	29,732,000	29,415,000	-317,000	-1.07%
Severance	245,000	298,000	53,000	21.63%
Coin-operated Amusement	33,000	39,000	6,000	18.18%
Unauthorized Substance	0	83,000	83,000	NA
Total	\$1,542,822,000	\$1,683,741,000	\$140,919,000	9.13%

Table 3
August - September Revenue Overcollections/(Undercollections)
Budgeted Estimate

	General Fund	Other Funds	Total
Sales Tax	\$ 4,100,000	\$ 200,000	\$ 4,300,000
Income Tax	1,500,000	600,000	2,100,000
Inheritance Tax	(3,700,000)	0	(3,700,000)
Privilege Tax	8,300,000	(400,000)	7,900,000
Business Tax	700,000	0	700,000
TVA	100,000	0	100,000
Gross Receipts	2,100,000	0	2,100,000
Gasoline & Motor Fuel Taxes	(100,000)	1,400,000	1,300,000
Motor Vehicle Registration	100,000	(400,000)	(300,000)
Other Taxes	2,900,000	500,000	3,400,000
Sub-Total	\$ 16,000,000	\$ 1,900,000	\$ 17,900,000
F & E Taxes	(7,600,000)	0	(7,600,000)
Total	\$ 8,400,000	\$ 1,900,000	\$ 10,300,000